

Message Text

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14

ACTION AF-08

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 AID-05 FRB-01 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01 IO-13

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FM AMCONSUL DURBAN

TO SECSTATE WASHDC 2302

INFO AMEMBASSY PRETORIA

AMCONSUL JOHANNESBURG

AMEMBASSY CAPE TOWN

UNCLAS DURBAN 0368

E.O. 11652: N/A

TAGS: ELAB, PINS, SF

SUBJECT: NATAL LABOR SITUATION

1. SUMMARY. THERE HAS BEEN A SHARP RISE IN BLACK UNEMPLOYMENT IN SOME OF NATAL'S MAJOR INDUSTRIES. DESPITE INTENSIFIED EXPORT PROMOTION EFFORTS, SHORT-TERM PROGNOSIS IS FOR ADDITIONAL LAYOFFS, ESPECIALLY AS NEW IMPORT DEPOSIT SCHEME BECOMES EFFECTIVE. U.S. BUSINESSMEN IN NATAL CONFIRM GLOOMY OUTLOOK AND BELIEVE RECESSION IS ALSO HAVING AN ADVERSE EFFECT ON BLACK TRADE UNION RECRUITMENT. LABOR SCENE REMAINS GENERALLY QUIET, BUT GROWING UNEMPLOYMENT UNDOUBTEDLY CONTRIBUTES TO POST-SOWETO UNREST. END SUMMARY.

2. INCREASING NUMBERS OF UNSKILLED AND SEMI-SKILLED BLACK WORKERS ARE FEELING THE EFFECTS OF THE SAG'S POLICIES AIMED AT HALTING INFLATION, IMPROVING BALANCE OF PAYMENTS AND PROTECTING THE RAND. DURING PAST MONTH, NATAL FIRMS HAVE IMPLEMENTED OR ANNOUNCED LAYOFFS AFFECTING MORE THAN 1,000

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JOBS. INDUSTRIES HARDEST HIT WERE AUTOS, TEXTILES, CHEMICALS

AND CONSTRUCTION. WHITE UNEMPLOYMENT IS UP, BUT ONLY SLIGHTLY.

3. LAYOFFS SINCE END OF JUNE ARE AS FOLLOWS: DURBAN'S MOTOR ASSEMBLIES LTD., PRODUCING TOYOTA, MAZDA AND RENAULT, (240); ROMATEX CARPETS (200); HULETT'S CONSTRUCTION (110, AND EXPECTED TO REACH 470 BY EARLY 1977); AFRICAN EXPLOSIVES AND CHEMICAL INDUSTRIES (175); AND PAN KNITWEAR LTD. (75). IN LIEU OF LAYOFFS, DUNLOP HAS CONVERTED TO A FOUR-DAY WEEK. LEYLAND HAS ANNOUNCED DECEMBER PLAN TO RELOCATE ITS HEAVY TRUCK AND BUS ASSEMBLY OPERATIONS FROM MOBENI TO THE CAPE, RESULTING IN LOSS OF ANOTHER 250 JOBS IN NATAL.

4. PROGNOSIS, AT LEAST FOR REMAINDER 1976, IS FOR MORE OF THE SAME. A RECENT NATIONWIDE SURVEY CONDUCTED BY MANPOWER, AN INTERNATIONAL FIRM PROVIDING TEMPORARY EMPLOYEES, INDICATED THAT EMPLOYMENT PROSPECTS, ESPECIALLY FOR BLACKS, MIGHT BE BETTER IN NATAL THAN OTHER PROVINCES. SURVEY WAS TAKEN, HOWEVER, BEFORE JULY 22 ANNOUNCEMENT OF IMPORT DEPOSIT SCHEME, WHICH IS EXPECTED TO HAVE HEAVY IMPACT ON NATAL FIRMS AND BUSINESSES. MORE LAYOFFS ARE NOW EXPECTED IN THE MOTOR AND RELATED INDUSTRIES, IN THE TEXTILE BUSINESS, WHOSE GOODS GENERALLY HAVE A SUBSTANTIAL IMPORT CONTENT, AND AMONG SMALL MANUFACTURERS AND RETAILERS.

5. TO HELP ALLEVIATE GROWING UNEMPLOYMENT PROBLEM, NATAL CHAMBER OF INDUSTRIES HAS ANNOUNCED AN INTENSIFIED EXPORT PROMOTION PROGRAM TO TAKE UP SOME OF SLACK IN PRODUCTION. MONSANTO HAS GONE INTO A JOINT VENTURE WITH AFRICAN EXPLOSIVES AND CHEMICAL INDUSTRIES INVOLVING A NEW ONE MILLION RAND AGRICULTURAL INSECTICIDE PLANT IN NATAL TO BE OFFICIALLY OPENED IN AUGUST. NEVERTHELESS, GROWING UNEMPLOYMENT IN NATAL IS A CERTAINTY IN THE COMING MONTHS.

6. A GROUP OF NATAL-BASED U.S. BUSINESSMEN MEETING WITH AMBASSADOR BOWDLER ON JULY 23 CONFIRMED THIS GLOOMY OUTLOOK. THEIR CONSENSUS FORESAW NO SIGNIFICANT UPTURN IN PRODUCTION AND SALES UNTIL MID-1977. BUSINESSMEN BELIEVED THE CURRENT RECESSION WAS ALSO HAVING AN ADVERSE EFFECT ON RECRUITMENT IN THE BLACK TRADE UNIONS IN NATAL, ESPECIALLY IN TRANSPORT AND GENERAL WORKERS' UNION. NOT ONLY IS MEMBERSHIP DROPPING UNCLASSIFIED

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DUE TO LAYOFFS, BUT SOME STILL EMPLOYED WORKERS ARE CEASING TO PAY DUES SINCE UNIONS HAVE PROVED TO BE DEMONSTRABLY FEEBLE IN THE FACE OF LAYOFFS.

7. LABOR SCENE OTHERWISE IS RELATIVELY QUIET WITH ONLY TWO INCIDENTS REPORTED IN LOCAL PRESS IN PAST MONTH. TWO HUNDRED FIFTY BLACK CONSTRUCTION WORKERS ON DURBAN FREEWAY STAGED BRIEF WORK STOPPAGE UNTIL THEY RECEIVED SLIGHT

INCREASE IN WAGES. PIETERMARITZBURG CORPORATION PAID OFF
130 GARBAGE COLLECTORS ON JULY 23 AFTER DEMANDS FOR PAY
INCREASE ENDED IN WORK STOPPAGE. MOST ARE TO BE REPLACED BY
RECRUITS FROM TRANSKEI.

8. THE GENERALLY ADVERSE BUSINESS CLIMATE AND THE SAG'S
ANTI-INFLATION MEASURES IN REACTION IS HAVING ITS EFFECT
IN NATAL, MEASURED BY INCREASING LAYOFFS OF BLACK WORKERS.
AS THESE, WHEN LAID OFF, ARE ENDORSED OUT OF URBAN AREAS
OR ELSE DISAPPEAR INTO THE TOWNSHIPS TO AVOID FORCED RETURN
TO THEIR RURAL AREAS, THE MAJORITY OF WHITES TEND TO BE
UNAWARE OF THE SEVERITY OF BLACK UNEMPLOYMENT. THEY ALSO
TEND NOT TO SEE THE RELATIONSHIP BETWEEN UNEMPLOYMENT AND
BLACK UNREST, ASCRIBING THE RECENT DISTURBANCES INSTEAD TO
"AGITATORS" OR "MALCONTENTS". IN FACT, BLACK CONCERN ABOUT
GREATER JOB SECURITY IS AN IMPORTANT ELEMENT IN THE CURRENT
UNREST AND COULD GROW TO MUCH LARGER PROPORTIONS IN NATAL
IN THE MONTHS AHEAD.
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